FIFTEENTH AMENDMENT

FRACTIONAL OFFERING PLAN

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB

TWO EAST 55TH STREET

NEW YORK, NEW YORK 10022

Sponsor:

St. Regis Residence Club, New York Inc.
c/o Starwood Vacation Ownership, Inc.
9002 San Marco Court
Orlando, Florida 32819
(407) 903-4000

Dated: October 5, 2011

TABLE OF CONTENTS

Section Page

EXHIBITS

FIFTEENTH AMENDMENT

TO

FRACTIONAL OFFERING PLAN

INTRODUCTION

This Fifteenth Amendment modifies and supplements the terms of the Fractional Offering Plan for the Fifth and Fifty-Fifth Residence Club located at Two East 55th Street, New York, New York 10022 dated February 17, 2006 ("Offering Plan"), as amended, and should be read in conjunction with the Offering Plan, as previously amended.

The terms of this Fifteenth Amendment are as follows:

1. STATUS OF CLOSING OF CLUB INTERESTS

As of August 31, 2011, Sponsor closed title on the sale of approximately 293 Club Interests out of a total of 494 Club Interests, leaving approximately 201Club Interests available for sale.

2. PURCHASE PRICE SCHEDULE

Annexed to this Amendment as Exhibit "A" is a revised "Schedule A – Purchase Prices and Related Information" which reflects the current prices for each of the Club Interests.

THE PURCHASE PRICES SET FORTH ON SCHEDULE A HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

3. CLUB BOARD

The present officers and members of the Club Board are as follows:

Name	Office	Affiliation
Shawn Ericson	Director	Sponsor
Edward Diao	Director	Club Owner
Clay Cockerill	Director	Club Owner
Christine Georgopulo	Director	Club Owner

Sponsor relinquished control of the Club Board on June 16, 2011.

4. CONDOMINIUM BOARD

The present officers and members of the Condominium Board are as follows:

Name	Office	Affiliation
Bill Bailey	President	Hotel
Marvin Schein	Vice President	Suites
Paul Nash	Vice President	Hotel
Danny Corral	Treasurer	Hotel
Johnathan Ho	Secretary	Club
Shawn Erickson	Manager	Hotel
Scott Zecher	Manager	Retail

The Hotel and Retail Board Members will at all times control the Condominium Board through the designation of a majority of its members.

5. 2011 CLUB BUDGET

Annexed to the Fourteenth Amendment as Exhibits "B" and "C," respectively, is the Operating Budget for the Club Association for the period commencing January 1, 2011 and ending December 31, 2011 which was adopted by the Club Board and a Certification of Club Budget Expert.

6. 2011 CONDOMINIUM BUDGET

Annexed to the Fourteenth Amendment as Exhibits "D" and "E," respectively, is the Operating Budget for the Condominium for the period commencing January 1, 2011 and ending December 31, 2011 which was adopted by the Condominium Board and a Certification of Condominium Budget Expert.

7. 2010 CLUB FINANCIAL STATEMENTS

Annexed to this Amendment as Exhibit "B" are the financial statements of the Club Association for the 2010 calendar year certified by Myers, Brettholtz & Company, PA, certified public accountants.

8. 2010 CONDOMINIUM FINANCIAL STATEMENTS

Annexed to this Amendment as Exhibit "C" are the financial statements of the Condominium for the 2010 calendar year certified by Myers, Brettholtz & Company, PA, certified public accountants.

9. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Offering Plan.

10. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

11. INCORPORATION OF OFFERING PLAN

The Offering Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

12. EXTENSION OF OFFERING PLAN

The Offering Plan, as modified and supplemented by this Amendment, may not be used after six (6) months following the Filing Date of this Amendment unless the Offering Plan is extended or amended.

SPONSOR:

ST. REGIS RESIDENCE CLUB, NEW YORK INC.

EXHIBIT "A"

SCHEDULE A – PURCHASE PRICES AND RELATED INFORMATION

SCHEDULE A – PURCHASE PRICES AND RELATED INFORMATION

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB
Two East 55th Street
New York, New York 10022

CLUB UNIT 1						PURCHASE PRICE 2	PROJECTED ANNUAL CLUB CHARGES 3		
Number	Bedrooms	Bathrooms	"Condominium Declaration" Square Feet	"Usable" Square Feet	Facing		Real Estate Taxes (a)	Other Club Expenses (b)	Total Club Charges (a)+(b)
801	One	Two	1061	935	Interior & 5th Avenue	$700,000	$1,213.70	$17,338.62	$18,552.33
901	One	Two	1061	935	Interior & 5th Avenue	$700,000	$1,213.70	$17,338.62	$18,552.33
803	Two	Two	1546	1383	5th Avenue & 55th St.	$1,000,000	$1,632.78	$23,325.38	$24,958.16
903	Two	Two	1546	1383	5th Avenue & 55th St.	$1,000,000	$1,632.78	$23,325.38	$24,958.16
1103	Two	Two	1546	1383	5th Avenue & 55th St.	$1,000,000	$1,632.78	$23,325.38	$24,958.16
807	One	One	738	625	55th Street	$450,000	$1,213.70	$17,338.62	$18,552.33
907	One	One	738	625	55th Street	$450,000	$1,213.70	$17,338.62	$18,552.33
1007	One	One	738	625	55th Street	$500,000	$1,213.70	$17,338.62	$18,552.33
808	Studio	One	523	445	Interior	$387,000	$857.01	$12,243.01	$13,100.03
908	Studio	One	523	445	Interior	$387,000	$857.01	$12,243.01	$13,100.03
809	Studio	One	474	415	55th Street	$387,000	$857.01	$12,243.01	$13,100.03
909	Studio	One	474	415	55th Street	$387,000	$857.01	$12,243.01	$13,100.03
815	Two	Three	1507	1290	55th Street	$750,000	$1,632.78	$23,325.38	$24,958.16
915	Two	Three	1507	1290	55th Street	$750,000	$1,632.78	$23,325.38	$24,958.16
818	Two	Three	1593	1395	Interior	$750,000	$1,632.78	$23,325.38	$24,958.16
918	Two	Three	1593	1395	Interior	$750,000	$1,632.78	$23,325.38	$24,958.16
1018	Two	Three	1539	1349	Interior	$750,000	$1,632.78	$23,325.38	$24,958.16
821	Two	Two	1129	957	55th Street	$650,000	$1,632.78	$23,325.38	$24,958.16
921	Two	Two	1129	957	55th Street	$650,000	$1,632.78	$23,325.38	$24,958.16
1021	Two	Two	1129	957	55th Street	$650,000	$1,632.78	$23,325.38	$24,958.16
1121	Two	Two	1129	957	55th Street	$650,000	$1,632.78	$23,325.38	$24,958.16
822	One	Two	1070	852	Interior	$522,000	$1,213.70	$17,338.62	$18,552.33
922	One	Two	1070	852	Interior	$522,000	$1,213.70	$17,338.62	$18,552.33
835	Two	Three	1458	1263	55th Street	$800,000	$1,632.78	$23,325.38	$24,958.16
935	Two	Three	1458	1263	55th Street	$800,000	$1,632.78	$23,325.38	$24,958.16
836	Two	Three	1455	1260	Interior	$700,000	$1,632.78	$23,325.38	$24,958.16
936	Two	Three	1455	1260	Interior	$700,000	$1,632.78	$23,325.38	$24,958.16
1035	Two	Three	1458	1262	55th Street	$800,000	$1,632.78	$23,325.38	$24,958.16
1135	Two	Three	1458	1262	Interior	$800,000	$1,632.78	$23,325.38	$24,958.16
1036	Two	Three	1455	1259	55th Street	$700,000	$1,632.78	$23,325.38	$24,958.16
1136	Two	Three	1438	1245	Interior	$700,000	$1,632.78	$23,325.38	$24,958.16
TOTALS						$248,904,000	$534,954	$7,642,201	$8,177,155

See Notes to Schedule A

Notes to Schedule A

1. The Club Units on Floors 8, 9, 10 and 11 contain studios; one-bedrooms; and two-bedroom duplexes. The Club Interest in each Club Unit is equal to a fraction, the numerator of which is four (4) and the denominator of which is fifty-two (52).

   Purchasers should refer to the Floor Plans set forth in Part II of the Offering plan for an approximation of the dimensions and layouts of the Club Units. The "Condominium Declaration" square footage represents the square foot area of the Club Unit measured horizontally on each floor from the interior side of the glazing or the exterior walls at the Building line and/or the Property line to the midpoint of the interior walls and partitions separating one Club Unit from another Unit, or the public side of the interior walls separating a Club Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements. Column and mechanical pipes (whether along the perimeter or with the Club Unit) are not deducted from the square foot area of the Club Unit. The "useable" square foot area of a Club Unit represents that portion of the Club Unit to which the Club Owner has access (i.e., interior painted surfaced to interior painted surface, including kitchen counters, bathtubs, etc.). The square foot area and dimensions of the Club Units are approximate and may vary due to field conditions. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Offering Plan unless the square foot area of the Club Unit is diminished by more than five percent (5%) (excluding interior partitions), therefore affording Purchaser a fifteen (15) day right to rescind.

   The number of rooms in each Club Unit has been computed by Sponsor in accordance with industry standard as follows:

Type of Club Unit	Total Rooms	Type of Rooms
Studio	2	1 bedroom, 1 bathroom
One bedroom	3 or 4	1 or 2 bedrooms, 1 bathroom, 1 living room
Two bedroom	5	2 bedrooms, 2 bathrooms, 1 living room
Two bedroom duplex	5 or 6	2 bedrooms, 2 or 3 bathrooms, 1 living room

2. THE PURCHASE PRICES AND OTHER TERMS OF SALE OF CLUB INTERESTS MAY BE NEGOTIATED BY SPONSOR AND, THEREFORE, MAY BE CHANGED. ACCORDINGLY, PURCHASERS MAY PAY DIFFERENT PURCHASE PRICES FOR SIMILAR CLUB INTERESTS. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section of the Offering Plan entitled "Changes in Prices and Facilities." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section of the Offering Plan entitled "Closing Costs". If Purchaser obtains a mortgage loan from Sponsor or other lender, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There may be an apportionment of certain charges relating to the Club Interest at the time of

the Closing of Title. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

3. The estimated Club Charges contained in this column are for the period from January 1, 2011 to December 31, 2011 based on the "Schedule B – Club Budget" prepared by Sponsor in consultation with the Club Budget Expert. Club Charges include Real Estate Taxes assessed against the Club Units and other Club Expenses. The Club Association reserves the right to bill Club Members for Club Charges more often than once a year.

The estimated annual Real Estate Taxes of $1,504,989 for the 2011 calendar year for the Club Units are based upon recent tax assessments published by the City of New York, that: (a) the approximate allocated assessed value of the Club Units during the second half of the 2010/2011 tax year is $12,962,324 in the aggregate and during the first half of the 2011/2012 tax year is estimated to be $15,678,026 in the aggregate for a total 2011 assessed value of $28,640,000 (rounded); and (b) the effective tax rate in effect for the 2010/2011 tax year is $10.312 per $100 of assessed valuation and the tax rate in effect for the 2011/2012 tax year is estimated to be $10.673 per $100 of assessed valuation with respect to the Club Units. While the legal responsibility for Real Estate Taxes lies with each Club Member, the Club Association will collect Real Estate Taxes from each Club Member (which are included in the Club Charges) and remit the same on behalf of each Club Member to the taxing authorities. In addition to these estimated Club Charges, each Owner will be responsible for mortgage payments under a loan, if any, obtained to finance the purchase of the Club Interest.

EXHIBIT "B"

2010 CLUB FINANCIAL STATEMENTS

FIFTH AND FIFTY-FIFTH RESIDENCE
CLUB ASSOCIATION, INC.
NEW YORK, NEW YORK
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR
ENDED DECEMBER 31, 2009)

Myers, Brettholtz & Company, PA
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS
12671 Whitehall Drive, Fort Myers, Florida 33907-3626
239.939.5775 · 800.749.8270 · Fax: 239.939.3032 · e-mail: mbcopa@mbcopa.com

THE EXCEPTION TO THE RULE

TABLE OF CONTENTS

Myers, Brettholtz & Company, PA
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Fifth and Fifty-Fifth Residence Club Association, Inc.
New York, New York

We have audited the accompanying balance sheet of Fifth and Fifty-Fifth Residence Club Association, Inc. as of December 31, 2010, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2009 financial statements and, in our report dated March 3, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fifth and Fifty-Fifth Residence Club Association, Inc. as of December 31, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on future major repairs and replacements is required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The schedule of operating fund revenues and expenses - budget to actual is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied during the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Myers, Brettholtz & Company, PA

MYERS, BRETTHOLTZ & COMPANY, PA
Fort Myers, Florida
February 21, 2011

12671 Whitehall Drive, Fort Myers, Florida 33907-3626
239.939.5775 · 800.749.8270 · Fax: 239.939.3032 · e-mail: mbcopa@mbcopa.com

THE EXCEPTION TO THE RULE

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2010
(With comparative totals for December 31, 2009)

	FUNDS			
	Operating	Replacement	2010 Total	2009 Total
ASSETS				
Cash and cash equivalents	$ 421,085	$ 201,451	$ 622,536	$ 2,866,202
Certificates of deposit	-	1,384,000	1,384,000	-
Accounts receivable - members, net	5,000	-	5,000	-
Accounts receivable - other	-	-	-	36,800
Accrued interest receivable	-	7,331	7,331	-
Due from Manager	28,422	-	28,422	52,138
Prepaid expenses	800,079	-	800,079	743,780
Due from funds	-	-	-	19
Total assets	$ 1,254,586	$ 1,592,782	$ 2,847,368	$ 3,698,939
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued expenses	$ 184,294	$ -	$ 184,294	$ 118,988
Income taxes payable	25	-	25	300
Due to Condominium	-	-	-	398
Assessments received in advance	76,085	-	76,085	2,457,623
Due to funds	-	-	-	19
Total liabilities	260,404	-	260,404	2,577,328
FUND BALANCES	994,182	1,592,782	2,586,964	1,121,611
Total liabilities and fund balances	$ 1,254,586	$ 1,592,782	$ 2,847,368	$ 3,698,939

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010
(With comparative totals for the year ended December 31, 2009)

	FUNDS			
	Operating	Replacement	2010 Total	2009 Total
REVENUES				
Maintenance fees	$ 7,815,355	$ 451,463	$ 8,266,818	$ 5,132,739
Developer guarantee	-	-	-	2,282,181
Interest and dividends	5,412	19,708	25,120	9,117
Late fees	32,598	-	32,598	59,772
Total revenues	7,853,365	471,171	8,324,536	7,483,809
EXPENSES				
Operation department	1,419,034	-	1,419,034	1,421,724
Homeowners association direct	977,634	-	977,634	958,998
Real property taxes	1,558,890	-	1,558,890	1,362,544
Condominium fees	2,903,625	-	2,903,625	3,284,932
Replacement	-	-	-	5,216
Total expenses	6,859,183	-	6,859,183	7,033,414
Excess of revenes over expenses	994,182	471,171	1,465,353	450,395
FUND BALANCES - January 1, 2010 and 2009	-	1,121,611	1,121,611	671,216
FUND BALANCES - December 31, 2010 and 2009	$ 994,182	$ 1,592,782	$ 2,586,964	$ 1,121,611

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(With comparative totals for the year ended December 31, 2009)

	FUNDS			
	Operating	Replacement	2010 Total	2009 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess of revenes over expenses	$ 994,182	$ 471,171	$ 1,465,353	$ 450,395
Provision for uncollectible accounts	134,778	-	134,778	176,146
Changes in:				
Accounts receivable - members	(139,778)	-	(139,778)	97,876
Accounts receivable - other	36,800	-	36,800	(36,800)
Accrued interest receivable	-	(7,331)	(7,331)	-
Due from Developer	-	-	-	33,599
Due from Manager	23,716	-	23,716	(27,990)
Prepaid expenses	(56,299)	-	(56,299)	(157,599)
Accrued expenses	65,306	-	65,306	105,112
Income taxes payable	(275)	-	(275)	-
Due to Master Association	(398)	-	(398)	(1,148,334)
Assessments received in advance	(2,381,538)	-	(2,381,538)	2,433,857
Net cash (used) provided by operating activities	(1,323,506)	463,840	(859,666)	1,926,262
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of certificates of deposit	-	(1,384,000)	(1,384,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Interfund reimbursement	19	(19)	-	-
Net (decrease) increase in cash	(1,323,487)	(920,179)	(2,243,666)	1,926,262
CASH AND CASH EQUIVALENTS-January 1, 2010 and 2009	1,744,572	1,121,630	2,866,202	939,940
CASH AND CASH EQUIVALENTS-December 31, 2010 and 2009	$ 421,085	$ 201,451	$ 622,536	$ 2,866,202

SUPPLEMENTAL INFORMATION				
Income taxes paid	$ 25	$ -	$ 25	$ 300

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - THE ASSOCIATION

Fifth and Fifty-Fifth Residence Club Association, Inc. (the "Association"), was formed to promote and advance the health and welfare of the fractional interest owners of Fifth and Fifty-Fifth Residence Club (the "Club"). The Club consists of 456 fractional interests, located on the 8th, 9th, 10th and 11th floors of a mixed-use project which includes lodging and commercial enterprise within the control of the commercial unit owners. The Declaration and Plan of Club Ownership was recorded on June 26, 2006 and the Club began operations on January 1, 2007. The owners of all fractional interests in the Club are the only members.

SLT Palm Desert, LLC, a Delaware limited liability company (as to 10.7567% tenant-in-common interest); SLT Realty Limited Partnership, a Delaware limited partnership (as to a 63.5756% tenant-in-common interest); Prudential HEI Joint Venture, a Georgia general partnership (as to an 11.3826% tenant-in-common interest); and SLT St. Louis, LLC, a Delaware limited liability company (as to a 14.2851% tenant-in-common interest) are the Developer of the project. Until all fractional interests have been sold, the Developer has the right to use and transact on the property, any business necessary to consummate sale, resale or rental of all the fractional interests owned by the Developer.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 21, 2011, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association prepares its financial statements on the accrual basis and presents them as separate funds based on its different funding policies for operations and major repairs and replacements.

The operating fund reflects the operating portion of the annual assessments billed to the fractional interest owners to meet the various day-to-day expenditures incurred in the administration and operation of the Condominium and recreational facilities.

The replacement fund is composed of the portion of the annual assessments designated in the budget to fund future major repairs and replacements, as further described in Note 8.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable are generally considered delinquent when they are 11 days past due. The Association accounts for potential losses in accounts receivable utilizing the allowance method. The Association maintains an allowance for uncollectible accounts at an amount that it believes is sufficient to provide adequate protection against future losses. Provisions for losses are determined principally on the basis of experiences in the preceding years, taking into account historical losses, industry standards and current economic conditions. All accounts or portions thereof deemed to be uncollectible are written off to the allowance for uncollectible accounts. The provision for uncollectible accounts for the years ended December 31, 2010 and 2009, was $134,778 and $176,146, respectively, and is included in homeowners association direct expenses.

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Common Property

The Association is responsible to preserve and maintain the common property of the Club. Ownership of the commonly owned assets is vested directly or indirectly in the fractional interest owners, those assets are not titled in the Association's name and disposition of those assets by the Board of Directors (the "Board") is restricted. As a result, commonly owned assets are not presented in the Association's financial statements. Common property not capitalized consists of unit furnishings.

Income Taxes

Management has analyzed its various federal, state and city filing positions and believes that the Association's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The years 2007 through 2010 remain open to examination under federal statute and applicable state and city statute limitations.

The Association files its income tax return as a homeowners' association in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed at a rate of 32% on its investment income and other non-exempt function income, less allocable expenses. There are no temporary differences between the financial reporting and tax reporting with respect to the nonexempt function income; therefore, no deferred tax provision has been recorded. The Association incurred an income tax liability of $25 and $300 for the years ended December 31, 2010 and 2009.

Fair Value of Financial Instruments

Substantially all of the Association's assets and liabilities, excluding prepaid expenses and assessments received in advance, are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument.

Revenue Recognition

Maintenance fees revenue is recognized monthly in the amount of the membership assessment allocation specified for the current period operations, based on the annual budget adopted by the Board. Each fractional interest owner is an Association member, and a proportionate share of the maintenance fees is assessed for each fractional interest.

Late fees revenue is recognized when collected.

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, excluding certificates of deposit.

The Association made cash payments for income taxes of $25 and $300, during the years ended December 31, 2010 and 2009, respectively. The Association made no cash payments for interest during the years ended December 31, 2010 and 2009.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Association maintains cash balances and certificates of deposit at several financial institutions. Accounts and certificates of deposit at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC"). These balances were fully insured as of December 31, 2010 and 2009, based on the bank statement balances, less the FDIC insurance. Cash balances at an investment services company and cash equivalents totaling $550,989 and $2,228,921, as of December 31, 2010 and 2009, respectively, are not insured by the FDIC.

NOTE 5 - ACCOUNTS RECEIVABLE - MEMBERS

Accounts receivable - members as of December 31, consisted of:

	2010	2009
Maintenance fee assessments	$ 345,088	$ 260,892
Less: allowance for uncollectible accounts	(340,088)	(260,892)
	$ 5,000	$ -

NOTE 6 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010 the Developer paid maintenance fees as any fractional interest owner. The amount of maintenance fees assessed to the Developer during the year for operations and replacements were $2,569,430 and $144,827. As of December 31, 2010 and 2009, the Developer owned 163 and 161 fractional interests, respectively.

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 6 - RELATED PARTY TRANSACTIONS (Continued)

The amount of the Developer's guarantee for the year ended December 31, 2009 was as follows:

	Operating	Replacement	Total
2009 common expenses and replacement funding	$ 7,028,198	$ 455,611	$ 7,483,809
Assessments from owners other than the Developer	(4,824,994)	(307,745)	(5,132,739)
Revenue from other sources	(64,891)	(3,998)	(68,889)
Developer obligation under the guarantee	2,138,313	143,868	2,282,181
Due from Developer as of January 1, 2009	33,599	-	33,599
Payments from Developer	(2,171,912)	(143,868)	(2,315,780)
Due from Developer as of December 31, 2009	$ -	$ -	$ -

The Developer guaranteed the level of total annual assessments for common expenses imposed upon all fractional interest owners through December 31, 2009. The Developer reserves the right but not the obligation, to extend the guarantee for one or more periods of one year each.

St. Regis New York Management, Inc. (the "Manager"), an affiliate of the Developer, provides on-site management and maintenance services, and off-site administrative and accounting services. The management agreement provides that the Manager may subcontract its rights, duties and obligations. Board members are also officers of the management company and its affiliates. Substantially all operating expenses have been allocated to the Association from the Manager. As of December 31, 2010 and 2009, due from Manager consisted of reimbursements due to the Association.

The Association is part of the high-rise estate project consisting of mixed-use components known as the Fifth and Fifty-Fifth Condominium (the "Condominium"). The Condominium allocates and assesses charges to the Association for the repair, maintenance, replacement, restoration, care, upkeep and operation of, and any alteration, addition or improvement to, the Common Elements, the provision of services to the mixed-use components and the business affairs of the Condominium. For the year ended December 31, 2010, the Condominium fees were $2,903,625. For the year ended December 31, 2009, the Condominium fees were $3,453,624, which were netted against a refund by the Condominium of cumulative owner assessments of $168,692. The charges are considered to be a common expense of the Association. As of December 31, 2010 and 2009, $0 and $398, respectively, was due to the Condominium.

NOTE 7 - ASSESSMENTS RECEIVED IN ADVANCE

Assessments received in advance in the amounts of $76,085 and $2,457,623, consisted of 2011 and 2010 maintenance fees received by the Association prior to January 1, 2011 and 2010, respectively.

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 8 - REPLACEMENT FUND

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements, based on the budgeted portion of the maintenance fee assessment charged to each fractional interest owner, and specifically designated for the fund in the annual budget. Deductions from the fund are recorded as costs, as incurred, which are determined by the Board to meet the objective for which the fund was established.

The following is a table of the activity in the replacement fund, by component, for the year ended December 31, 2010:

Components	Balance, January 1 2010	Additions to Fund	Charges to Fund	Balance, December 31, 2010
Unit furnishings, equipment, and other capital expenditures	$ 1,121,611	$ 471,171	$ -	$ 1,592,782

The following is a table of the activity in the replacement fund, by component, for the year ended December 31, 2009:

Components	Balance, January 1 2009	Additions to Fund	Charges to Fund	Balance, December 31, 2009
Unit furnishings, equipment, and other capital expenditures	$ 671,216	$ 455,611	$ 5,216	$ 1,121,611

For the years ended December 31, 2010 and 2009, additions to the fund include $19,708 and $3,998 of investment income, less bank fees, respectively.

The 2011 proposed budgeted funding is $1,575,451, as shown in the unaudited supplementary information. The components' actual replacement costs, useful lives, and investment income may vary from the estimated amounts and the variation may be material. If additional funds are needed, the Association has the right, subject to the Board's approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 9 - COMMITMENTS

The Association currently has a three-year management agreement ending in August 28, 2011, with the Manager. The agreement automatically renews for successive three-year periods unless, at least 90 days prior to the expiration of the then-current term, either party gives written notice to the other of its election not to extend the term.

NOTE 10 - ECONOMIC DEPENDENCY

The Association derived approximately 33% and 30% of its revenue from the Developer for the years ended December 31, 2010 and 2009, respectively.

SUPPLEMENTARY INFORMATION

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2010
(Unaudited)

The following table represents a study by management, which is based on estimates provided by the Manager during 2010, based on consultation with various experts regarding the estimated remaining lives of the components and their current replacement costs. The following table is based on the study and presents significant information about the components of the common property. Amounts are based on normal operations and without the effect of potential catastrophic occurrences.

Components	Estimated Useful Lives	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2011 Proposed Budgeted Funding
Unit furnishings, equipment, and other capital expenditures	1-24 years	0-21 years	$ 7,382,489	$ 1,575,451

Estimated current replacement costs are based on the assumption of a variable interest rate earned on investments that exceeds an assumed rate of inflation of 3.5%.

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)
REVENUES			
Maintenance fees	$ 7,815,292	$ 7,815,355	$ 63
Interest and dividends	7,874	5,412	(2,462)
Late fees	109,105	32,598	(76,507)
Total operating fund revenues	7,932,271	7,853,365	(78,906)
EXPENSES			
OPERATION DEPARTMENT			
Labor - variable	408,283	499,572	(91,289)
Cleaning supplies	220,635	270,001	(49,366)
Laundry service - variable	318,459	389,639	(71,180)
Owner reservations	233,946	233,952	(6)
Facilities management	12,131	12,132	(1)
Engineering other	13,885	13,738	147
Total operation department	1,207,339	1,419,034	(211,695)
HOMEOWNERS ASSOCIATION DIRECT			
Provision for uncollectible accounts	1,233,947	134,778	1,099,169
SVO management	8,343	8,340	3
Association management	43,949	43,944	5
Postage and printing	1,678	1,351	327
Audit	8,650	9,100	(450)
Legal and professional	173,706	138,925	34,781
Annual meeting	5,250	2,771	2,479
Bank fees	2,323	1,367	956
Credit card fees	87,520	74,284	13,236
Management service contract	540,826	540,828	(2)
Telephone and broadband	4,909	3,720	1,189
Income taxes payable	-	(250)	250
Insurance	22,997	18,476	4,521
Total homeowners association direct	2,134,098	977,634	1,156,464
REAL PROPERTY TAXES	1,687,209	1,558,890	128,319
CONDOMINIUM FEES	2,903,625	2,903,625	-
Total operating fund expenses	7,932,271	6,859,183	1,073,088
Excess of revenues over expenses	$ -	$ 994,182	$ 994,182

Read Independent Auditor's Report.

EXHIBIT "C"

2010 CONDOMINIUM FINANCIAL STATEMENTS

FIFTH AND FIFTY-FIFTH CONDOMINIUM
NEW YORK, NEW YORK
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Myers, Brettholtz & Company, PA
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS
12671 Whitehall Drive, Fort Myers, Florida 33907-3626
239.939.5775 · 800.749.8270 · Fax: 239.939.3032 · e-mail: mbcopa@mbcopa.com

THE EXCEPTION TO THE RULE

TABLE OF CONTENTS

Myers, Brettholtz & Company, PA
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Fifth and Fifty-Fifth Condominium
New York, New York

We have audited the accompanying balance sheets of Fifth and Fifty-Fifth Condominium as of December 31, 2010 and 2009, and the related statements of revenues, expenses and changes in fund (deficit) balance and cash flows for the years then ended. These financial statements are the responsibility of the Condominium's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fifth and Fifty-Fifth Condominium as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit for the year ended December 31, 2010, was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Fifth and Fifty-Fifth Condominium has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented supplementary information on future major repairs and replacements that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements. The schedule of revenues and expenses - budget to actual is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied during the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Myers, Brettholtz & Company, PA

MYERS, BRETTHOLTZ & COMPANY, PA
Fort Myers, Florida
February 15, 2011

12671 Whitehall Drive, Fort Myers, Florida 33907-3626
239.939.5775 · 800.749.8270 · Fax: 239.939.3032 · e-mail: mbcopa@mbcopa.com

FIFTH AND FIFTY-FIFTH CONDOMINIUM
BALANCE SHEETS
DECEMBER 31,

	2010	2009
ASSETS		
Cash and cash equivalents	$ 87,918	$ 281,239
Accounts receivable - members (net of allowance for uncollectible accounts of $70,232 and $29,948 as of December 31, 2010 and 2009, respectively)	-	7,765
Due from affiliate	-	398
Prepaid expenses	3,415	9,278
Prepaid income taxes	-	1,632
Total assets	$ 91,333	$ 300,312
LIABILITIES AND FUND (DEFICIT) BALANCE		
LIABILITIES		
Accrued expenses	$ 37,138	$ 33,038
Due to Manager	1,041,760	290,046
Assessments received in advance	28,334	10,311
Total liabilities	1,107,232	333,395
FUND (DEFICIT) BALANCE	(1,015,899)	(33,083)
Total liabilities and fund balance	$ 91,333	$ 300,312

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND (DEFICIT) BALANCE
FOR THE YEARS ENDED DECEMBER 31,

	2010	2009
REVENUES		
Common charges - members	$ 3,395,504	$ 3,842,560
Common charges - Developer	14,243,976	16,803,841
Interest and dividends	207	5,100
Late fees	419	4,322
Refund of common charges	-	(4,431,359)
Total revenues	17,640,106	16,224,464
EXPENSES		
Operations	9,151,644	9,049,869
Administrative and general	2,053,165	1,970,341
Repairs and maintenance	3,394,266	3,262,040
Energy department	2,874,678	2,611,837
Guest laundry department	481,028	380,580
Board and membership meetings	1,616	399
Provision for uncollectible accounts	40,284	29,948
Legal and audit	25,875	29,626
Income taxes	(538)	563
Insurance	485,204	483,708
Management fees	115,700	111,360
Total expenses	18,622,922	17,930,271
Deficiency of revenues over expenses	(982,816)	(1,705,807)
FUND (DEFICIT) BALANCE - January 1,	(33,083)	1,672,724
DEFICIT BALANCE - December 31,	$ (1,015,899)	$ (33,083)

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses	$ (982,816)	$ (1,705,807)
Provision for uncollectible accounts	40,284	29,948
Changes in:		
Accounts receivable - members	(32,519)	(34,401)
Accounts receivable - other		
Due from affiliate	398	1,148,334
Prepaid expenses	5,863	(4,529)
Prepaid income taxes	1,632	(1,632)
Accrued expenses	4,100	22,274
Income taxes payble	-	(5,403)
Due to Manager	751,714	(58,537)
Assessments received in advance	18,023	(25,689)
Net cash used by operating activities	(193,321)	(635,442)
Net decrease in cash	(193,321)	(635,442)
CASH AND CASH EQUIVALENTS - January 1,	281,239	916,681
CASH AND CASH EQUIVALENTS - December 31,	$ 87,918	$ 281,239

	2010	2009
SUPPLEMENTAL INFORMATION		
Income taxes paid	$ -	$ 7,598

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - THE CONDOMINIUM

Fifth and Fifty-Fifth Condominium (the "Condominium"), was formed on June 13, 2006, to be responsible for the management of a high-rise estate project (the "Project") consisting of distinct mixed-use components located in New York, New York. The owners of all units in the Condominium are the only members.

For the years ended December 31, 2010 and 2009, the Project consisted of: (1) 8 suite units, located on the 10th and 11th floors of the building, (2) 38 club units, located on the 8th, 9th, 10th and 11th floors of the building, and (3) two commercial units, one of which (the "Hotel unit") is located on portions of each floor (other than the 8th, 9th, 10th, and 11th floors) of the building and the "Retail unit" which is located on portions of the 1st and mezzanine floors of the building.

SLT Palm Desert, LLC, a Delaware limited liability company (as to 10.7567% tenant-in-common interest); SLT Realty Limited Partnership, a Delaware limited partnership (as to a 63.5756% tenant-in-common interest); Prudential HEI Joint Venture, a Georgia general partnership (as to an 11.3826% tenant-in-common interest); and SLT St. Louis, LLC, a Delaware limited liability company (as to a 14.2851% tenant-in-common interest) are the Developer of the Project. Until all units have been sold, the Developer has the right to use and transact on the property, any business necessary to consummate sale, resale or rental of all the units owned by the Developer.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Condominium has evaluated events and transactions for potential recognition or disclosure through February 15, 2011, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Accounting

The Condominium prepares its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable are generally considered delinquent when they are 10 days past due. The Condominium accounts for potential losses in accounts receivable utilizing the allowance method. The Condominium maintains an allowance for uncollectible accounts at an amount that it believes is sufficient to provide adequate protection against future losses. Provisions for losses are determined principally on the basis of experiences in the preceding years, taking into account historical losses, industry standards and current economic conditions. All accounts or portions thereof deemed to be uncollectible are written off to the allowance for uncollectible accounts. Provision for uncollectible accounts expense for the years ended December 31, 2010 and 2009 was $40,284 and $29,948, respectively.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Common Property

The Condominium is responsible to preserve and maintain the common property of the Condominium. Ownership of the commonly owned assets is vested directly or indirectly in the unit owners, those assets are not titled in the Condominium's name and disposition of those assets by the Board of Directors (the "Board") is restricted. As a result, commonly owned assets are not presented in the Condominium's financial statements.

The Common Elements of the Condominium (the "Common Elements") consist of the entire Property including the Land and all parts of the Building and improvements thereon other than the Units. The Common Elements are classified as General Common Elements and Hotel Limited Common Elements. The Common Elements do not include any of the Development Rights, all of which are assigned and reserved to and shall inure to the benefit of the Hotel Unit and the Hotel Unit Owner in all respects as set forth in Section 1.2 of the Declaration of Condominium. The Common Elements will remain undivided and no Unit Owner or other Person will bring or will have the right to bring any action for partition or division thereof except as may be specifically provided for herein and in the Condominium By-Laws.

The General Common Elements consist generally of the Land and all parts of the Building and the other improvements thereon other than the Units and the Hotel Limited Common Elements, and include generally, without limitation, those rooms, areas, corridors, spaces and other parts of the Building and all facilities located or contained therein for the common use of the Units and the Unit Owners (in each case, except as may otherwise be provided herein or on the Floor Plans) or which are necessary or convenient for the existence, maintenance, operation or safety of the Property (in each case, except as may otherwise be provided herein or on the Floor Plans), together with any other portions and/or facilities of the Property that are designated on the Floor Plans as General Common Elements.

The Hotel Limited Common Elements consist generally of those portions of the Common Elements which exclusively serve or exclusively benefit the Hotel Unit whether or not designated as Hotel Limited Common Elements (or designated at all) on the Floor Plans (but excluding any items therein or in the Building which are not part of the Property, including, without limitation, any equipment, wiring and devices owned by telecom providers or any area or item designated herein or in the Floor Plans as part of the General Common Elements or any Unit), together with any other portions and/or facilities of the Property identified herein or designated on the Floor Plans as Hotel Limited Common Elements.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Common Property (Continued)

The Hotel Unit Owner shall, at least annually, prepare a budget in connection with the operation, care, upkeep and maintenance of, and the making of Alterations to, and Repairs of and insuring, the Hotel Limited Common Elements, and/or, to the extent the same are also accessible to or used by the Suite Unit Occupants and Club Unit Occupants at no per-use charge, the Hotel Unit, as well as other expenses of the Hotel Unit Owner in providing services (for which there is no per-use charge) on a Building-wide basis or throughout or for the benefit of the guest-room portions of the Hotel Unit as well as the Suite Units and Club Units (and the Occupants thereof) in connection with the operation of a hotel in the Building and/or in order to maintain the Hotel Flag Standards (such costs and expenses being referred to in the Condominium Documents as "Allocable Hotel Expenses"); and shall periodically invoice the Condominium Board for such expenses incurred or to be incurred with respect thereto. Each Unit Owner shall pay to the Condominium Board its allocated share of the Allocable Hotel Expenses which allocation shall be made by the Condominium Board in accordance with the Cost Allocation Schedule. Such amounts payable to the Condominium Board shall be deemed to be included in General Common Charges, shall be collected by the Condominium Board and the Condominium Board shall have, and shall diligently and promptly as agent for the owner of the Hotel Unit or its designee exercise, any and all rights and remedies for the collection of such charges as are provided herein for the collection of General Common Charges. In addition, the owner of the Hotel Unit shall have the right of offset against the Condominium Board in respect of any amounts payable to it in respect of the costs and expenses, of such shared areas and services which are not collected by the Condominium Board and paid the owner of the Hotel Unit or its designee. Any dispute regarding the Allocable Hotel Expense shall be resolved by Arbitration as set forth in Article 11 of these Condominium By-Laws; provided, however, that allocations of Allocable Hotel Expenses which are based on "key" count, proportionate Common Interest and/or metering/sub metering shall not be subject to challenge in Arbitration.

The declaration grants various easements to the hotel unit owner for such items as alteration and reconfiguring of the lobby, entrance, and other public areas of the building; the right to erect, use, lease, license, maintain, repair, replace and operate a platform and other facilities for the purpose of operating antennae, satellite dishes and other communication equipment; and the right to apply for and/or grant with respect to the façade of the property a further historic preservation easement or similar right. In addition, the hotel unit owner grants to the members of the Condominium that for as long as any portion of the space specified as health club on the floor plans and all improvements thereto is made available to hotel guests as a fitness facility, the members of the Condominium shall have a right to access and use the health club for the same purposes and on the same basis which hotel guest are permitted to access and use the health club; and agrees to provide on the same basis that such services are provided and made available to hotel guests: hotel concierge service, lobby bellmen and doormen; room service, and housekeeping service at a daily charge.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Management has analyzed its various federal and state filing positions and believes that the Condominium's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The years 2007 through 2010 remain open to examination under federal statute and applicable state statute limitations.

The Condominium has elected to be taxed as a homeowners' association for the years ended December 31, 2010 and 2009, in accordance with Internal Revenue Code Section 528. Under that Section, the Condominium is not taxed on uniform assessments to members and other income received from Condominium members solely as a function of their membership in the Condominium. The Condominium is taxed at a rate of 30% on its investment income and other non-exempt function income, less allocable expenses. There are no temporary differences between the financial reporting and tax reporting with respect to the non-exempt function income; therefore, no deferred tax provision has been recorded. The Condominium incurred an income tax liability of $25, less an overpayment applied of $25, for the year ended December 31, 2010. The Condominium incurred a federal, state and county tax liability of $0 and a city tax liability of $300 for the year ended December 31, 2009, which was reduced by estimated payments of $1,932.

Fair Value of Financial Instruments

Substantially all of the Condominium's assets and liabilities, excluding prepaid expenses and assessments received in advance, are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument.

Revenue Recognition

Common charges revenue is recorded monthly in the amount of the membership assessment allocation specified for current period operations, and is based on the annual budget adopted by the Board. Each unit owner is a Condominium member, and a proportionate undivided interest in fee simple absolute (expressed as a percentage) in the common elements is assessed for each unit.

Late fees revenue is recognized when collected.

Determination of General Common Expenses and Fixing of General Common Charges

Common Expenses shall mean all costs and expenses to be incurred generally by the Unit Owners pursuant to the Condominium Declaration and/or the Condominium By-Laws in connection with: (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the Common Elements; (ii) the establishment and/or maintenance of a general operating reserve, or a reserve fund for working capital, for replacements with respect to the Common Elements, or to make up any deficit in the Common Charges for any prior year(s); and (iii) generally, the conduct of the affairs of the Condominium.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Determination of General Common Expenses and Fixing of General Common Charges (Continued)

The Condominium Board shall, from time to time, but at least annually, prepare or cause to be prepared a budget setting forth its Projections of the costs and expenses associated with the repair, maintenance, replacement, restoration, care, upkeep and operation of, and any alteration, addition or improvement to, the Common Elements, the provision of services to Unit Owners and the business and affairs of the Condominium (the "General Common Expenses") for the next fiscal year and will allocate and assess charges (such charges, together with all such other amounts denominated or payable as General Common Charges in or under the Condominium Documents, being collectively, the "General Common Charges") among: (a) the Suite Units; (b) the Club Units; (c) the Hotel Unit; and (d) the Retail Unit. Each such Unit Owner or group of Unit Owners (as set forth in the preceding sentence), as the case may be, will be assessed General Common Charges to meet its/their allocated share of General Common Expenses, with the General Common Charges allocated to the Suite Units and the Club Units (as a group) being further allocated, among each Unit within such separate group generally in proportion to the applicable Unit Owner's Unit's proportionate Common Interest among all Suite Units or Club Units, as the case may be. Each Commercial Unit Owner will be assessed General Common Charges to meet the share of only those General Common Expenses allocated to such Commercial Unit by the Condominium Board.

Cash Flows

For purposes of the statement of cash flows, the Condominium considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

For the years ended December 31, 2010 and 2009, the Condominium made cash payments of $0 and $7,598, respectively for income taxes. For the years ended December 31, 2010 and 2009, the Condominium made no cash payments for interest.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Condominium maintains cash balances at one financial institution. As of December 31, 2010 and 2009, accounts at the institution were insured by the Federal Deposit Insurance Corporation ("FDIC"). As of December 31, 2010 and 2009, the cash balances were fully insured based on the bank statement balances, less the FDIC insurance. Cash balances at an investment services company and cash equivalents totaling $37,906 and $256,209, as of December 31, 2010 and 2009, are not insured by the FDIC.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 5 - RELATED PARTY TRANSACTIONS

St. Regis New York Operating LLC (the "Manager"), an affiliate of the Developer, provides on-site management and maintenance services, and off-site administrative and accounting services. As of December 31, 2010 and 2009, due to Manager consisted of operating expenses of the Condominium paid by the Manager. A Board member is also an officer of the Manager and its affiliates. Substantially all operating expenses have been allocated to the Condominium from the Manager.

For the year ended December 31, 2010, the Developer paid common charges on the suite units of $36,516, and on the hotel unit of $14,207,460. As of December 31, 2010, the amounts due for common charges had been paid in full. As of December 31, 2010, the Developer owned 1 suite unit and the hotel unit. For the year ended December 31, 2009, the Developer paid common charges on the suite units of $36,096, on the hotel unit of $16,678,193, and on the retail unit of $89,552. As of December 31, 2009, the amounts due for common charges had been paid in full. As of December 31, 2009, the Developer owned 1 suite unit, the hotel unit and a retail unit.

As of December 31, 2010 and 2009, due from affiliate consisted of $0 and $398, respectively, due from Fifth and Fifty-Fifth Residence Club Association, Inc. (the "Club") related to the Club units portion of the common charges.

NOTE 6 - REPLACEMENT FUND

A replacement fund has not been established; therefore, no reserve assessments have been levied. If funds are needed, the Condominium has the right, subject to the Board's approval, to charge regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 7 - REFUND OF COMMON CHARGES

During the year ended December 31, 2009, the Board approved a refund of common charges to all members of the Condominium. The amount refunded of $4,431,359 was based on 75% of the 2008 fund balance and 80% of the anticipated 2009 excess of revenues over expenses.

NOTE 8 - COMMITMENTS

The Condominium currently has a management agreement ending May 31, 2013, with the Manager. The agreement automatically renews for successive three-year periods unless, at least 90 days prior to the expiration of the then-current term, either party gives written notice to the other of its election not to extend the term. The management agreement provides that the Manager may subcontract its rights, duties and obligations under the management agreement.

NOTE 9 - ECONOMIC DEPENDENCY

The Condominium derived approximately 81% of its revenue from the Developer during the years ended December 31, 2010 and 2009.

SUPPLEMENTARY INFORMATION

FIFTH AND FIFTY-FIFTH CONDOMINIUM
SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)
REVENUES			
Common charges - members	$ 17,639,472	$ 3,395,504	$ (14,243,968)
Common charges - Developer	-	14,243,976	14,243,976
Interest and dividends	3,270	207	(3,063)
Late fees	245	419	174
Total revenues	17,642,987	17,640,106	(2,881)
EXPENSES			
OPERATIONS			
Managers	1,343,593	1,356,165	(12,572)
Bellman	497,103	593,843	(96,740)
Concierge	426,265	424,411	1,854
Doorman	238,776	280,229	(41,453)
Page	327,873	389,189	(61,316)
Housekeeping supervisor	189,674	171,597	18,077
Houseperson	1,040,063	1,122,572	(82,509)
Public area attendant	172,709	188,939	(16,230)
Front office	493,842	573,582	(79,740)
Trainee	3,999	-	3,999
Butler	2,828,984	3,366,507	(537,523)
Contract services	175,077	150,290	24,787
Decorations	114,710	117,567	(2,857)
Uniforms	108,933	80,185	28,748
Cleaning supplies	22,873	21,395	1,478
Operating supplies	114,005	156,662	(42,657)
Cable television	113,570	124,185	(10,615)
Telecommunications	8,821	34,326	(25,505)
Total operations	8,220,870	9,151,644	(930,774)

Read Independent Auditor's Report.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget *(Unaudited)*	Actual	Variance Favorable (Unfavorable)
ADMINISTRATIVE AND GENERAL			
Management	821,950	893,513	(71,563)
Accounting office	106,838	94,201	12,637
Human resources	104,397	99,525	4,872
Administration	80,163	65,786	14,377
Management information system	47,088	47,106	(18)
Security	569,143	619,343	(50,200)
Bonues wages	-	49,478	(49,478)
Operating supplies	16,967	15,059	1,908
Payroll service	59,402	71,639	(12,237)
Personnel relocation	50,000	(3,606)	53,606
Personnel recognition	23,123	37,712	(14,589)
Personnel training	22,622	17,848	4,774
Telecommunications	16,217	17,911	(1,694)
Uniforms	1,200	6,096	(4,896)
Postage	7,325	2,948	4,377
Print and stationery	14,253	15,939	(1,686)
Professional fees and dues	1,824	1,488	336
Bank fees	1,546	1,179	367
Total administrative and general	1,944,058	2,053,165	(109,107)

FIFTH AND FIFTY-FIFTH CONDOMINIUM
SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget (*Unaudited*)	Actual	Variance Favorable (Unfavorable)
REPAIRS AND MAINTENANCE			
Salaries and wages	1,871,476	2,053,585	(182,109)
Alarm maintenance	6,239	8,081	(1,842)
Building	154,086	182,109	(28,023)
Computer system maintenance	222,462	202,459	20,003
Contract services purchasing	14,893	14,444	449
Curtain and drapes	6,146	3,618	2,528
Electrical and mechanical equipment	16,276	20,725	(4,449)
Electric bulbs	17,866	11,900	5,966
Elevators	369,043	368,878	165
Engineering supplies	2,193	1,034	1,159
Floor coverings	4,489	7,068	(2,579)
Furniture and equipment	2,817	3,128	(311)
Grounds / landscaping	45,211	90,393	(45,182)
HVAC	54,956	87,065	(32,109)
Keys and locks	8,004	5,596	2,408
Laundry equipment	6,177	6,388	(211)
Maintenance contract	109,410	118,094	(8,684)
Miscellaneous	254	1,472	(1,218)
Operating supplies	1,255	539	716
Painting and decorating	5,937	2,491	3,446
Pest control	22,153	80,478	(58,325)
Plumbing	22,487	46,736	(24,249)
Telecommunications	2,775	1,898	877
Television and radio	1,540	8,720	(7,180)
Tools	1,261	7	1,254
Uniforms	3,752	7,034	(3,282)
Waste removal	76,722	60,326	16,396
Total repairs and maintenance	3,049,880	3,394,266	(344,386)
ENERGY DEPARTMENT			
Electric current	1,697,866	1,736,980	(39,114)
Steam	750,544	852,790	(102,246)
Sewer	141,497	181,391	(39,894)
Water	80,571	103,517	(22,946)
Total energy department	2,670,478	2,874,678	(204,200)

Read Independent Auditor's Report.

FIFTH AND FIFTY-FIFTH CONDOMINIUM
SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget *(Unaudited)*	Actual	Variance Favorable (Unfavorable)
GUEST LAUNDRY DEPARTMENT			
Salaries and wages	388,161	468,710	(80,549)
Laundry supplies	947	68	879
Miscellaneous	541	794	(253)
Print and stationery	204	9	195
Uniforms	628	1,019	(391)
Operating supplies	6,290	10,428	(4,138)
Total guest laundry department	396,771	481,028	(84,257)
BOARD AND MEMBERSHIP MEETINGS	6,000	1,616	4,384
PROVISION FOR UNCOLLECTIBLE ACCOUNTS	50,000	40,284	9,716
LEGAL AND AUDIT	30,112	25,875	4,237
INCOME TAXES	300	(538)	838
INSURANCE	541,436	485,204	56,232
MANAGEMENT FEES	115,700	115,700	-
RESERVE FOR CONTINGENCY	617,382	-	617,382
Total expenses	17,642,987	18,622,922	(979,935)
Deficiency of revenues over expenses	$ -	$ (982,816)	$ (982,816)